

independence of each other, and the particular traditions and differing institutions that give independence meaning.

As we cherish our differences, even more we cherish the shared ideas and goals that unite us. This simple but profound fact overshadows the constant conflicts of interest that arise between us. Conflict is a function of contact. Canada has very little in the way of conflict with Mongolia: our relations with that country might be regarded as a model for all nations if we were to overlook the fact that our contact with the people of Mongolia is almost non-existent. Should changing circumstances bring us into close contact with Mongolia, I can guarantee you some pretty good conflicts of interest within a very short time. No two nations in the world have so many contacts at so many levels, official and unofficial, as Canada and the United States. Essentially, these contacts serve the common interest but no matter how busy Secretary Rogers and I are with the oilcan, constant contact leads to constant friction and the generation of frequent heated exchanges.

In a recent far-reaching statement on Canadian foreign policy, the Government had two things to say about our relations with the United States. That the United States is our closest friend and ally and will remain so. This I have discussed with you. And that the central problem for Canada is how to live in harmony with, but distinct from, the most powerful and dynamic society on earth.

For a generation, and until very recently, the world was locked in a sterile East-West confrontation, with China obsessed with its own internal difficulties and playing little part on the world stage, the nations of the third world engaged in a life-and-death struggle for survival.

Suddenly, Peking sits on the Security Council. President Nixon prepares to visit the two great communist capitals, Moscow and Peking. The Soviet Union accepts a better arrangement between the two Germans, responds after years of inaction to NATO urging for balanced force reductions in Central Europe, promotes a European Security Conference, engages in strategic arms limitations talks with the United States, calls for a world conference on disarmament.

I cannot discuss all of these developments with you tonight, nor can anyone, I believe, be sure what they all mean for the peace of the world and the well-being of all men.

What is clear is that power relationships frozen for a quarter of a century are in the process of change and that trading patterns and monetary arrangements laboriously established